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Legislative Notice

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S. 2549 – National Defense Authorization Act for FY 2001

Calendar No. 543

Reported as an original bill from the Senate Armed Services Committee on May 12, 2000, by a vote of 19-1; Senator McCain voted “no.” S. Rept. 106-292, with additional and minority views.

NOTEWORTHY

- The Senate is likely to consider S. 2549 this week.
- S. 2549 authorizes a total of \$309.8 billion in budget authority, which is consistent with this year’s Concurrent Budget Resolution. This funding level continues the trend, begun last year, of Congress providing a real increase in the authorized level of defense spending, reversing 14 consecutive years of real decline. The \$309.8 billion level is \$4.5 billion above the President’s request and allows for a 4.4-percent real growth for defense from last year’s appropriated level of funding. The committee’s support for additional defense spending is based on an in-depth analysis of threats facing the United States and testimony from senior military leaders on the many shortfalls in the defense budget.
- The Committee authorizes: \$63.28 billion in procurement funding (\$3 billion over the President’s request); \$109.2 billion for operations and maintenance (with \$1.5 billion added to the primary readiness accounts); \$39.31 billion for research, development, test and evaluation (a \$1.45-billion increase over the President’s budget); and \$8.46 billion for military construction (\$430 million more than the budget request) to fund quality-of-life and critical projects for the reserves.
- A 3.7-percent pay raise for military personnel effective January 1, 2001, is authorized, while the Committee bill also provides extensive improvements in military health care to ensure active duty personnel and their families, and military retirees and their families receive quality care.
- The House passed its defense authorization bill, H.R. 4205, by a vote of 353-63 on May 18, 2000 (now on the Senate Calendar, Order No. 564).

BACKGROUND

S. 2549 authorizes: appropriations for procurement; research, development, test and evaluation; and operation and maintenance; personnel end strengths for each military active duty component and for each of the reserve components of the armed forces; appropriations for military construction programs; and appropriations for national security programs of the Department of Energy (DoE).

The Committee believes the budget submitted by the Administration was positive in some respects as it: included full funding of the pay raise directed by Congress last year; achieved the procurement goal of \$60 billion a year; and included initiatives to improve military health care.

However, a full examination of the President's budget made clear that many shortfalls remained.

Therefore, the Committee, for a second year in a row, reversed the 14-year downward trend in defense spending by approving a defense authorization bill which includes an increase, in real terms, in the U.S. defense budget. The bill authorizes a total of \$309.8 billion for defense spending, an increase of \$4.5 billion over the budget request, and a real increase of 4.4 percent. Of this increase the Committee authorizes: \$63.28 billion in procurement funding (\$3 billion over the President's request); \$109.2 billion for operations and maintenance (with \$1.5 billion added to the primary readiness accounts); and \$39.31 billion for research, development, test and evaluation (a \$1.45 billion increase over the President's budget.)

HIGHLIGHTS

The Committee addresses several essential defense priorities in this year's bill. Specifically, the Committee:

- Adds \$3.8 billion to pay for items on the Joint Chiefs of Staff unfunded requirements list that were not included in the President's budget for FY 2001.
- Increases the shipbuilding budget by \$603.2 million to \$12 billion. This enables a potential savings of \$1.1 billion in new ship construction and continues the necessary investment to maintain, at a minimum, a 300-ship Navy.

- Approves a series of special pays and new and increased bonuses to assist the services in recruiting and retaining personnel.
- Adds more than \$1.5 billion for key readiness programs including ammunition, spare parts, equipment maintenance, base operations, training funds, and real property maintenance to address concerns regarding aging equipment, spare-parts shortfalls, manning, and experience gaps that continue to manifest themselves in declining mission-capable rates and decreasing readiness ratings in some units.
- Authorizes a total increase of \$958.9 million to the \$21.6 billion Seapower Subcommittee procurement budget request for the Navy, Marine Corps, and Air Force to improve the ability of the Navy, Marine Corps, and Air Force to meet near and long-term challenges.
- Adds more than \$700 million for programs supporting aircraft precision strike capability, aircraft survivability, and intelligence, surveillance and reconnaissance (ISR) assets based on lessons learned from the Kosovo conflict.

BILL PROVISIONS

Title I – Procurement

- The Committee recommends a provision providing funding for **chemical demilitarization** at \$1 billion.
- The Committee recommends an increase of \$196.3 million to procure 20 additional **UH-60L Blackhawk aircraft**, a total authorization of \$277.5 million. These aircraft are critical to support a recently revised Army aviation modernization plan.
- An increase of \$158 million is recommended to support critical component upgrades, as identified in the Army's unfunded requirements list, for a total authorization of \$902.8 million for the **Apache Longbow** program.
- The budget request included \$15 million for **Army tactical missile system (ATACM)** fielding and production line shutdown. However, the committee notes a critical unfunded requirement for additional ATACMS block IA missiles necessary to meet the Army acquisition objective. In addition, the Chairman of the Joint Chiefs of Staff (JCS) has identified a requirement for additional ATACMS on the unfunded requirements list. Therefore, the Committee recommends an increase of \$77.4 million to procure 100 ATACMS, for a total authorization of \$92.4 million.

- The Committee supports the **Army transformation initiative** to ensure the Army is better prepared to meet future challenges to our national security. Included in the bill is \$537 million, as requested, for the first interim brigade combat team. While the committee supports Army requests for additional resources that focus the Army transformation on measures designed to lead to the future objective force, it also requires the Army to explore the use of existing equipment alternatives prior to long-term acquisition commitments for the interim brigade combat teams.
- An increase of \$25 million is recommended for additional equipment and to establish five additional **Weapons of Mass Destruction Civil Support Teams (WMD-CST)**. The WMD-CST, formerly known as Rapid Assessment and Initial Detection (RAID) teams, are comprised of 22 full-time National Guard personnel who are specially trained and equipped to deploy and assess suspected nuclear, biological, chemical, or radiological events in support of local first responders. The increase is to result in a total of 32 WMD-CSTs by the end of FY 2001, with the ultimate goal of establishing a WMD-CST in every state and U.S. territory.
- The Committee recommends a provision authorizing the Navy Secretary to procure the **nuclear aircraft carrier designated CVNX-1**, and enter into a contract for the advance procurement and advance construction of that ship, with an authorization of \$21.9 million for advance procurement.
- The budget request included \$356.8 million for advance procurement of 7 **DDG-51 Arleigh Burke class destroyers**. The Committee recommends an increase of \$143.2 million in advance procurement for DDG-51 to achieve the maximum savings for the taxpayer and to relieve some pressure on the underfunded shipbuilding account in future years.
- The Committee recommends a provision that would authorize the Navy Secretary to enter into a contract for components for up to a total of five **Virginia-class submarines**, which are scheduled to be built after FY 2002, and to continue the contractor teaming agreement.
- The budget request included 21 **joint primary air training system (JPATS) aircraft** for the Navy at \$74.4 million. The Navy included additional JPATS aircraft on its unfunded requirements list. Therefore, the Committee recommends an increase of \$7 million for the procurement of three JPATS aircraft, for a total authorization of \$81.4 million.
- The Committee recommends an increase of \$86.9 million to upgrade 20 **F/A-18A aircraft** to precision-strike capability, for a total authorization of \$299.5 million.
- The budget request included \$60.7 million for modifications to the **P-3 aircraft**. The committee recommends an overall increase of \$87.2 million in P-3 modifications for two

modifications included on the Navy's unfunded priorities list, for a total authorization of \$147.9 million.

- Regarding **Navy shipbuilding and conversion**, the Committee recommends the DoD take a series of actions to alter current budget practices to leverage scarce ship procurement funding when economic advantage or beneficial program stability can be achieved.
- An increase of \$460 million is authorized to continue the advance procurement and advance construction of components for the **LHD-8 amphibious ship**. There was no funding for this program in the budget request.
- The Committee adds \$46 million for advanced procurement of one Air Force **Joint Surveillance and Target Attack Radar System (JSTARS) aircraft**, or, if DoD chooses not to purchase another aircraft, the funds would be used to shut down the JSTARS production line.
- The budget request included \$258.2 million for modifications to the **F-15 aircraft**. The Committee recommends an overall increase of \$74.9 million, a total authorization of \$333.1 million, as included on the Air Force unfunded priorities list.
- An overall increase of \$119.5 million (over the budget request of \$248.8 million) is recommended for modifications to the **F-16 aircraft**, for a total authorization of \$368.3 million.

Title II – Research, Development, Test, and Evaluation (RDT&E)

- The Committee recommends \$549.7 million, the requested amount, for research and development for **DD-21, the Navy's new destroyer program**.
- A provision increasing the **F-22 engineering and manufacturing development (EMD) cost cap** by one percent is recommended, with the funds restricted to use for testing requirements only.
- Upon conferring with the Defense Secretary and the Commandant of the Marine Corps, the Committee took action to strengthen the **Joint Strike Fighter (JSF) program** by significantly increasing funding for the demonstration and validation phase while removing funding for the engineering, manufacturing, and development phase in FY 2001. Total authorization for dem/val is \$685.3 million.
- The Committee recommends an increase of \$200 million in RDT&E to accelerate the technologies that will lead to the development and fielding of **remotely controlled air combat vehicles** by 2010 and remotely controlled ground combat vehicles by 2015.

- The bill requires FDA approval of the existing **anthrax vaccine** production facility prior to the obligation of FY 2001 funds for anthrax vaccine procurement; this bill adds funds for the research and development of a second generation, single-shot Anthrax vaccine.
- The budget request included \$4.9 billion for the **Ballistic Missile Defense Organization (BMDO)**. The Committee recommends substantial increases in funding for ballistic missile defense programs and technologies. Specifically, the Committee:
 - Includes an additional \$129 million to the budget request of \$1.7 billion for the **National Missile Defense** program, as critical risk reduction unfunded requirements.
 - Urges the Defense Secretary to accelerate the Navy **Theater Wide** program, and increases this program by \$60 million.
 - Adds increase of \$30 million to the budget request of \$137.7 million to authorize the **Space Based Laser** program.
 - Authorizes an increase of \$92.4 million for the Air Force's **Airborne Laser** program to keep the program on schedule for a FY 2003 demonstration and a FY 2007 deployment.

Title III – Operation and Maintenance (O&M)

- Citing concerns regarding the long-term efficiency of the **industrial facilities** of the armed forces including depots, arsenals, and ammunition manufacturing plants, the Committee includes a number of provisions so that these facilities can be more fully utilized by government and commercial organizations.
- The Committee authorizes an additional \$1.3 billion in **critical O&M accounts** including: \$145 million for base operations; \$347 million for spare parts; \$75 million for training range upgrades; \$320 million for real property maintenance; \$307 million for equipment maintenance; and \$50 million for mobility infrastructure.
- The Committee authorizes \$1.27 billion for the **Environmental Restoration Accounts** to enhance environmental cleanup of military facilities.

Title IV – Military Personnel Authorizations

- The Committee authorizes the following personnel end strength levels:

ACTIVE DUTY END STRENGTHS

	FY2000	FY2001	FY2001
	<u>Authorization</u>	<u>Request</u>	<u>Recommendation</u>
Army	480,000	480,000	480,000
Navy	372,037	372,000	372,000
Marines	172,518	172,600	172,600
Air Force	360,877	357,000	357,000
Total	<u>1,385,432</u>	<u>1,381,600</u>	<u>1,381,600</u>

SELECTED RESERVE END STRENGTHS

	FY2000	FY2001	FY2001
	<u>Authorization</u>	<u>Request</u>	<u>Recommendation</u>
Army National Guard	350,000	350,000	350,088
Army Reserve	205,000	205,000	205,000
Naval Reserve	90,288	88,900	88,900
Marine Corps Reserve	39,264	39,500	39,558
Air National Guard	106,678	108,000	108,022
Air Force Reserve	73,708	74,300	74,300
Coast Guard Reserve	8,000	8,000	8,500
Totals	<u>872,938</u>	<u>873,700</u>	<u>874,368</u>

- The increase of 88 personnel in the **Army National Guard** and 22 personnel in the **Air National Guard** is necessary to support five additional Weapons of Mass Destruction-Civil Support Teams.
- The increase of 58 personnel above the request in the **Marine Corps Reserve** end strength is necessary to accommodate an additional four officers and 54 enlisted Active Reserve personnel on active duty in support of the reserves to enhance the readiness of the Marine Corps Reserve.
- The increase in the **Coast Guard Reserve** end strength is the continuation of the Committee's efforts to restore the Coast Guard Reserve to a robust augmentation force.

Title V – Military Personnel Policy

- The Committee recommends a provision that would, effective July 1, 2002, require local educational agencies to **provide military recruiters access to secondary schools** on the same basis as colleges and universities, unless the governing body of a school acts by majority vote to deny access.
- The Committee directs implementation of the **Thrift Savings Plan** for military personnel not later than 180 days after enactment of the act.

Title VI – Compensation and Other Personnel Benefits

- A 3.7-percent **pay raise**, effective January 1, 2001, for members of the uniformed services is provided in the bill.

Title VII – Health Care

- The Committee authorizes extensive improvements in **military health care** to ensure our active duty personnel and their families and military retirees and their families receive quality health care, including:
 - Authorizing a comprehensive retail and national **mail order pharmacy benefit** for all eligible beneficiaries, including Medicare-eligible beneficiaries, with no enrollment fee or deductible.
 - Extending **TRICARE Prime** to families of service members assigned to remote locations.

- Eliminating co-payments for services received by active duty family members under **TRICARE Prime**.
- Authorizing **lifetime health care** provided by the Department of Defense to recipients of the Medal of Honor and their families.
- Authorizing a **chiropractic benefit** for those beneficiaries enrolled in TRICARE Prime.
- Directing the Secretary of Defense to implement a number of programs related to **patient safety and error reduction**.

Title IX – DoD Organization and Management

- The Committee recommends a provision to authorize the establishment of a **National Defense Panel** of defense experts to advise and assist Congress and the Defense Secretary during the FY 2001 Quadrennial Defense Review.
- In addition, the Committee recommends a provision to require that a **National Defense Panel** be established on a recurring basis, every four years in the year preceding the inauguration of a new President.

Title X – General Provisions

- The budget request for **drug interdiction** and other DoD counter-drug activities totals \$1.1 billion; the Committee recommends the requested funding level.
- The Committee also added \$25 million for the **counter-drug activities** of the National Guard.
- The bill includes a provision that would require the Secretary of Defense, in consultation with the Secretary of Energy, to conduct a **comprehensive review of the U.S. nuclear posture** for the next 5-10 years.
- In addition, a provision in the bill requires the Secretary of Defense, in consultation with the Secretary of Energy, to develop a long-range plan for the sustainment and modernization of **United States strategic nuclear forces**.
- The Committee adds \$76.8 million for initiatives to address the **threat of cyber-attack**, including the establishment of an Information Security Scholarship Program to encourage the recruitment and retention of DoD personnel with computer and network security skills, and the creation of an Institute for Defense Computer Security and Information

Protection to conduct research and critical technology development and to facilitate the exchange of information between the government and private sector.

- Citing concerns over delays in the background investigation process for granting security clearances to DoD personnel and contractors, the Committee recommends a provision that would require the Defense Secretary to establish a process for expediting the completion of **background investigations**.

Title XII – Matters Relating to Other Nations

- The budget request included \$35 million for construction activities for the **Shchuch'ye Chemical Weapons Destruction Facility in Russia** as part of the Cooperative Threat Reduction (CTR) Program. While the Committee recommends the requested amount, it also has concerns about the construction of this facility, believing that there may be higher priority CTR efforts to reduce the threat posed by chemical weapons in Russia that will provide a greater security return on investment. Therefore, the Committee prohibits the use of funds for the construction of this facility until the Defense Secretary makes certain certifications, including that Russia is to provide each year no less than \$25 million to support the construction and maintenance of the facility, and that the facility will be used to destroy all the nerve agent stockpiles in Russia.

Title XIII – Navy Activities on the Island of Vieques, Puerto Rico

- The Committee report highlights that the prohibition of live-fire training by Atlantic fleet units at **Vieques, Puerto Rico**, is resulting in significant degradation in unit readiness. The Committee bill includes a number of provisions that would support, under certain conditions, the agreement reached between the Defense Department and the Government of Puerto Rico intended to restore relations between the people of Vieques and the Navy and provide for the continuation of live-fire training on the island. Specifically, the bill would:
 - Authorize the expenditure of **\$40 million** for infrastructure and other economic projects on the island of Vieques;
 - Require the President to conduct a **referendum on Vieques** to determine whether the people of Vieques approve or disapprove of the continuation of Naval training on the island.
- If the people of Vieques approve the continuation of live-fire training, the bill would:
 - Authorize an **additional \$50 million** for infrastructure and other economic projects on the island of Vieques.

- If the people of Vieques do not approve the continuation of live-fire training, the bill would:
 - Require the **Navy and Marine Corps to cease all training operations** on the island of Vieques by May 1, 2003;
 - **Terminate any operations at Roosevelt Roads** that are related to the use of training ranges on Vieques; and
 - **Transfer Navy property** on the eastern side of the island of Vieques to the Interior Secretary until Congress takes further action.

Titles XXI-XXIV – Military Construction: Army, Navy, Air Force, Defense Agencies

- For the second year in a row, the Administration's requested funding for **military construction** was inadequate to support improvement in the living and working conditions of our men and women in uniform and their families. Specifically, the Administration requested \$8.03 billion for military construction and family housing, a \$500 million reduction from last year's authorized level.
- The Committee increased the budget request by \$430 million, to a total level of \$8.46 billion, and focused the increase on unfunded requirements and quality-of-life programs. The additional funding provides \$320 million in projects identified by the service chiefs as high-priority unfunded requirements and \$209 million for dormitories, family housing, and other quality of life programs. [Note: The Senate passed S. 2521, the Military Construction Appropriation Bill for FY 2001, on May 18, 2000, by a vote of 96-4. That bill now is conference with the House-passed bill, H.R. 4425.]

Title XXXI – Department of Energy (DoE) National Security Programs

- The Committee recommends \$12.8 billion for **atomic energy defense activities**, an increase of \$697 million over FY 2000 funding levels, but a decrease of \$323.6 million to the budget request. Reductions were taken principally from the Formerly Utilized Sites Remedial Action Program and defense environmental management privatization.
- The Committee authorizes \$6.2 billion for activities of **DoE's National Nuclear Security Administration (NNSA)** — an increase of \$37.2 million from the budget request — of which:

- \$4.7 billion is for **weapons activities** (a \$78.8-million increase over the budget request);
 - \$847 million is for **defense nuclear nonproliferation activities** (\$59 million below the budget request); and
 - \$695 million is for **Naval Reactors activities** (a \$17.4-million increase over the budget request).
- \$6.3 billion for **defense environmental restoration and waste management** (\$132 million below the budget request).
 - An additional \$34 million is provided to continue progress on **restoring tritium production**.
 - The Committee recommends a \$50 million increase over the budget request for the **science and technology development account** for applied research and development activities.
 - An increase of \$30 million for the **Office of Counterintelligence** is authorized, for a total funding level of \$75.2 million. The Committee further directs that these funds be used to continue implementation of an enhanced computer security program at DoE facilities.
 - The budget request included \$17.5 million for the **Nuclear Cities Initiative (NCI)**, an increase of \$10 million over the FY 2000 appropriated level. The Committee supports this request. However, the Committee also limits the expansion of the NCI program until after the Energy Secretary obtains a signed agreement with Russia stating that Russia will close some of its facilities engaged in nuclear weapons assembly and disassembly work. In addition, the Committee prohibits the use of 50 percent of FY 2001 funds for this program until the Energy Secretary establishes and implements project review procedures to ensure that these projects will not enhance Russian military capabilities, are commercially viable and have a commercial, industrial, or non profit partner.

COST

The Congressional Budget Office (CBO) estimates that appropriation of the authorized amounts for 2000 and 2001 would result in additional outlays of \$307 billion over the 2000-2005 period. In addition, the bill contains provisions that would raise the costs of discretionary defense programs over the 2002-2005 period by about \$5 billion, assuming appropriation of the necessary sums.

The bill contains provisions that would increase direct spending by an estimated \$2.0 billion over the 2001-2005 period and \$2.1 billion over the 2001-2010 period. The bill would reduce revenues by \$396 million over the 2001-2005 period and \$1.2 billion over the 2001-2010 period as the result of a provision that would allow military personnel to participate in the Thrift Savings Plan (TSP). Because it would affect direct spending and receipts, the bill would be subject to pay-as-you-go procedures.

ADMINISTRATION POSITION

The Statement of Administration Policy was unavailable at press time.

OTHER VIEWS

Additional Views of Senators Levin, Robb, Kennedy, Reed, Landrieu, and Bingaman

These members provide additional views on two issues addressed in the bill: Vieques and Department of Energy Organization.

Vieques

The members note with approval that the Committee did not support proposed legislation that "would have been inconsistent" with the agreement between Puerto Rico and the United States regarding the Navy training range on Vieques. They further note that the Committee remained silent on the transfer of various lands to Puerto Rico under certain circumstances. They conclude, "Our preference is to fully implement the agreement between the President and the Governor of Puerto Rico at this time. However, avoiding unilateral changes to the terms of the agreement is the next best outcome."

Department of Energy Organization

The Senators argue that two DoE-related provisions in the bill regarding the National Nuclear Security Administration, NNSA, (prohibiting the DoE from paying any NNSA officials who are "dual-hatted" and prohibiting the Energy Secretary from changing the organization of the NNSA in any way) should be deleted from the bill.

Additional Views of Senator Bingaman

The Senator also filed separate additional views in which he states his support for this year's DoD Authorization bill since it "provides the necessary resources to meet the nation's increasingly complex military missions while also supporting quality of life improvements for our men and women in uniform."

At the same time, Senator Bingaman relates his concern "that the bill does not provide all that could be done to support the most vital national security objectives with respect to non-proliferation and the strategic relationship between the United States and Russia."

He also reiterates the concern regarding the NNSA stated by himself and Senators Levin, Robb, Kennedy, Reed, and Landrieu, detailed on page 13 of this notice.

Minority Views of Senator McCain

The Senator states how on most issues he supports the Committee's recommendations in the drafting of this year's DoD Authorization bill. Yet, he voted against the bill "mostly because of what it does not do." Senator McCain cited his disappointment that "the bill that emerged from the committee failed to address important reform issues."

In particular, Senator McCain notes his disappointment that this year's bill does not include legislation to provide a Special Subsistence Allowance to help the neediest families in the Armed Forces who now require federal food stamp assistance. And while the Committee did include some key health care provisions, "they failed to meet what I think is the most important requirement, the restoration of this broken promise" of lifetime medical care, especially for those over the age of 65.

Finally, the Senator reiterates his long-standing criticism that the military "needs less money spent on pork and more money spent wisely to redress the serious problems caused by a decade of declining defense budgets."

POSSIBLE AMENDMENTS

Grams.	To improve benefits for members of the reserve components of the Armed Forces and their dependents.
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- Reid/Inouye. To permit members of the Armed Forces who have a service connected disability to receive military retired pay concurrently with veterans' disability compensation.
- Schumer. Regarding Vieques.
- Unknown. To increase full-time manning numbers for the National Guard.
- Unknown. Regarding the implementation of the Strategic Arms Reductions Talks (START) II Treaty.
- Unknown. To require two additional rounds of base closings – one in 2003, the other in 2005, based on the same criteria used for previous rounds of base closings.

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